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CENTRAL INTELLIGENCE AGENCY



Director, Office of Legislative Liaison

22 February 1985

Mr. Arnold E. Donahue
Chief, Intelligence Branch
Office of Management and Budget
8215 New Executive Office Building
726 Jackson Place, N.W.
Washington, D.C. 20503

Arnie:

Attached as requested. We do not yet
have the JEC release.

~~As~~ Charles A. Briggs

Charles A. Briggs

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- D/OLL:CABriggs;jms (22 Feb 85)

NOTE FOR THE FILE

Since the D/OLL needed to get the
enclosures to OMB immediately, there was
no time to xerox the enclosures. I xeroxed
a copy of the first page of each document
(one document was classified secret and
one document was confidential.)

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FOR IMMEDIATE RELEASE

22 February 1985 :

CIA ANALYSIS SHOWS SOVIET DEFENSE SPENDING EXCEEDS THAT OF U.S.

The Joint Economic Committee on 21 February released CIA testimony of last November on the Soviet economy. The testimony was not on Soviet military capabilities. Because the information released by the Committee presents a narrow view of Soviet military growth, the Central Intelligence Agency wishes to emphasize the broader context of its testimony and to convey a more balanced--though still partial--picture of the Soviet military buildup.

As CIA noted publicly in November 1983, the cost of defense activities has exceeded that of the United States by a large margin, despite a decline in the rate of growth. The dollar cost of Soviet defense activities in 1981--in the middle of this period of decline--was some 45 percent greater than for the U.S.; procurement costs alone were some 45 percent larger. While this margin has narrowed with the growth in U.S. defense spending, the Soviets still outspend the U.S. overall and in important specific categories by substantial margins. CIA also stressed in last November's testimony evidence of an upturn in Soviet defense spending in 1983.

CIA has repeatedly emphasized that trends in Soviet military spending are not a sufficient basis upon which to form judgments about Soviet capabilities. The rate of increase in spending estimates does not give an appreciation of the large stocks of strategic and conventional weapon systems deployed by the Soviets during the past decade.

As the testimony states, current Soviet levels of spending are so high that despite the procurement plateau, Soviet forces received in the years 1977 through 1983 a total of 1,100 ICBMs, more than 700 SLBMs, 300 bombers, 5,000 fighters, some 15,000 new tanks, and substantial numbers of new additional major surface combatants, nuclear powered ballistic missile submarines, and attack submarines. During the same period, the U.S. added to its inventory 135 ICBMs, 390 SLBMs, no bombers, 3,000 fighters, 5,000 tanks, and 106 major warships. The attached charts illustrate the extent to which Soviet military costs, equipment deliveries and military manpower exceed those of the U.S.

Soviet efforts to develop advanced weapon systems continue in the 1980s at least at the rapid pace of the previous two decades. Among these weapons are fighter and airborne control aircraft, ballistic and cruise missiles, space systems and submarines. The new systems cover the full range of technologically advanced weaponry the Soviets will need to modernize all their forces.

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STATEMENT BY

ROBERT GATES

DEPUTY DIRECTOR FOR INTELLIGENCE

CENTRAL INTELLIGENCE AGENCY

ON

THE ALLOCATION OF RESOURCES IN
THE SOVIET UNION AND CHINA - 1984

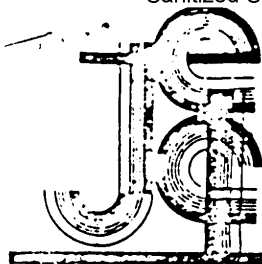
BEFORE THE

SUBCOMMITTEE ON INTERNATIONAL TRADE, FINANCE,
AND SECURITY ECONOMICS

OF THE

JOINT ECONOMIC COMMITTEE
UNITED STATES CONGRESS

November 21, 1984



Joint Economic Committee

PRESS RELEASE

FOR RELEASE AFTER 6:00 P.M.
THURSDAY, FEBRUARY 21, 1985

PROXMIRE RELEASES CIA SOVIET ESTIMATES

Washington, D.C. -- Senator William Proxmire (D-Wis.) said on Tuesday that "it is time for Washington to take official notice that Soviet military procurement has been stagnant for the past seven years and to stop acting like nothing has changed."

Proxmire's comments accompanied a report on the Soviet Economy presented by the CIA in closed session on November 21, 1984, to the Subcommittee on International Trade, Finance, and Security Economics of the Joint Economic Committee and sanitized for release.

"Soviet defense spending," Proxmire said, "has been growing at a 2 percent rate since the end of 1976. There is recent evidence of some acceleration, according to the CIA, but this conclusion is tentative.

"Soviet military procurement has grown little, if at all, throughout this period, although there may have been some modest growth in 1983 over 1982.

"It is true that military procurement has leveled off at a rather high level and the Soviets have been able to add large numbers of weapons to their inventories despite the slowdown.

"Of course, the trend can change; Soviet defense spending may accelerate in the future.

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